



Central government fiscal deficit narrowed to 5.6% of GDP in FY24, lower than target of 5.8%

June 11, 2024





Central govt. fiscal deficit narrowed to 5.6% of GDP in FY24

- Central government fiscal deficit moderated to 5.6% of GDP in FY24 from 6.4% in FY23. The deficit in FY24 was lower than the budget estimate of 5.9% and the revised budget estimate of 5.8%.
- Both revenue and capital receipts were higher than revised budget estimates, so that total receipts rose 14%YY. Both revenue and capital expenditure marginally missed revised estimates amid 6% growth in total expenditure.
- Growth in direct taxes at 18%YY was higher than the increase in indirect taxes at 8%. Non-tax revenues grew 41%YY, exceeding revised budget estimate by almost 7%. The increase in non-tax revenues was driven by buoyancy in dividends and profits that had declined in FY23.
- Devolution to states at Rs.11.3billion exceeded the revised budget estimate and was up 19% year-on-year.
- Though disinvestment receipts exceeded revised estimate of Rs.300billion, receipts were lower than the initial budget estimate of Rs.610billion and down 28%YY.

	(Rs. bn)	Percent change		FYTD (Rs. bn)		FYTD - %YY		FY24RE		FY23RE	
	Mar-24	%YY	%MM	Mar-24	Mar-23	Mar-24	Mar-23	Rs. bn	(% of RE)	Rs. bn	(% of RE)
Revenue receipts	5,186	29	(6,482)	27,284	23,832	14	10	26,997	101.1	23,444	101.7
Gross tax revenue	5,749	13	213	34,648	30,542	13	13	34,372	100.8	30,431	100.4
Net tax revenue	4,771	30	(1,670)	23,265	20,978	11	16	23,239	100.1	20,867	100.5
Direct taxes	3,620	3	447	19,639	16,675	18	18	19,450	101.0	16,500	101.1
Indirect taxes	2,122	38	81	14,959	13,819	8	7	14,839	100.8	13,850	99.8
Taxes on UT	7	(51)	85	50	48	6	19	83	60.4	81	59.1
Transfer to NDRF	18	84	110	88	80	10	31	88	99.7	80	100.0
Assignment to states	961	(32)	(55)	11,295	9,484	19	6	11,045	102.3	9,484	100.0
Non-tax revenues	416	13	87	4,019	2,854	41	(22)	3,758	106.9	2,618	109.0
Non-debt capital receipts	243	83	1,166	605	722	(16)	83	560	108.0	835	86.5
Recovery of loans	39	(35)	112	273	262	4	6	260	105.1	235	111.3
Disinvestment	204.6	178	19,388	331	460	(28)	214	300	110.4	600	76.7
Total receipts	5,430	31	(8,849)	27,889	24,554	14	11	27,557	101.2	24,279	101.1
Total expenditure	6,953	(1)	77	44,425	41,932	6	11	44,905	98.9	41,872	100.1
Revenue expenditure	5,524	0	79	34,940	34,536	1	8	35,402	98.7	34,590	99.8
Capital expenditure	1,429	(4)	69	9,485	7,395	28	25	9,502	99.8	7,283	101.5
Fiscal deficit	1,523	(46)	(62)	16,537	17,378	(5)	10	17,348	95.3	17,553	99.0
Primary deficit	(308)	(120)	(109)	5,898	8,092	(27)	3.9	6,793	86.8	8,147	99.3
Revenue deficit	337	(77)	(89)	7,656	10,704	(28)	3.7	8,405	91.1	11,105	96.4
FD/GDP (%)				5.6				5.8		6.4	



Growth in income tax collection higher than in FY23

- Within direct taxes, income taxes grew by a robust 25%YY, higher than 20% growth in FY23. On the other hand, corporate taxes increased 10%YY in FY24, lower than the growth of 16% in FY23. Within indirect taxes, GST revenues were up 13% and in line with revised budget estimates but lower than the increase of 22% in FY23.
- Within non-tax revenues, interest receipts exceeded revised budget estimates by over 20%. Dividends and profits stood at Rs.1.7trillion, surpassing revised budget estimates by slightly over 10%. The 71%YY increase in dividends and profits was on the back of around 38% decline in FY23.

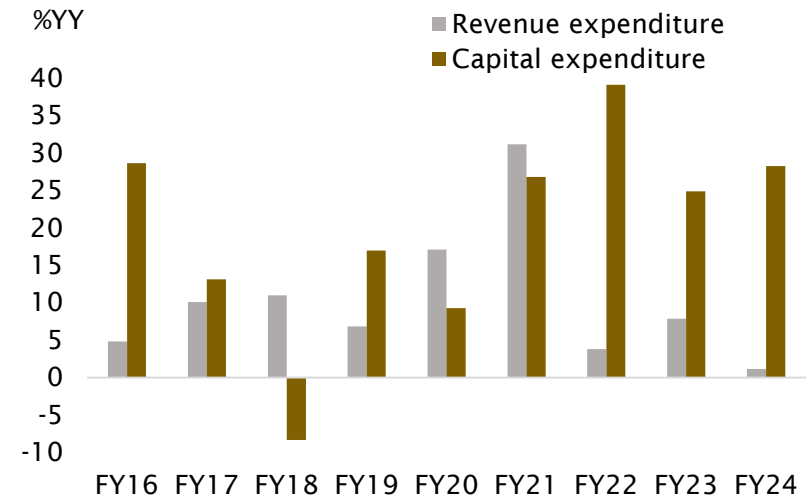
	Rs. bn			Percent change		FYTD (Rs. bn)		FYTD - %YY		FY24RE		FY23RE	
	Mar-24	%YY	%MM	Mar-24	Mar-23	Mar-24	Mar-23	Rs. bn	(% of RE)	Rs. bn	(% of RE)		
Revenue receipts	5,186	29	(6,482)	27,284	23,832	14	10	26,997	101.1	23,444	101.7		
Net tax revenue	4,771	30	(1,670)	23,265	20,978	11	16	23,239	100.1	20,867	100.5		
Direct taxes	3,620	3	447	19,639	16,675	18	18	19,450	101.0	16,500	101.1		
Corporation tax	1,583	(14)	(5,654)	9,111	8,258	10	16	9,227	98.7	8,350	98.9		
Income tax	1,986	22	210	10,109	8,082	25	20	10,223	98.9	8,150	99.2		
Other taxes	51	4	4	419	334	25	11						
Indirect taxes	2,122	38	81	14,959	13,819	8	7	14,839	100.8	13,850	99.8		
Customs duty	367	50	72	2,331	2,134	9	7	2,187	106.6	2,100	101.6		
Excise duty	515	4	107	3,053	3,190	(4)	(18)	3,081	99.1	3,200	99.7		
Service tax	(0)	(133)	2,050	4	4	(2)	(57)	5	84.8	10	43.1		
GST	1,241	55	75	9,570	8,491	13	22	9,566	100.0	8,540	99.4		
CGST	731	20	3	8,206	7,185	14	22	8,116	101.1	7,240	99.2		
IGST	383	347	(402)	(50)	47								
Compensation cess	127	24	1	1,414	1,259	12	20	1,450	97.5	1,300	96.8		
Taxes on UT	7	(51)	85	50	48	6	19	83	60.4	81	59.1		
Gross tax revenue	5,749	13	213	34,648	30,542	13	13	34,372	100.8	30,431	100.4		
Transfer to NDRF	18	84	110	88	80	10	31	88	99.7	80	100.0		
Assignment to states	961	(32)	(55)	11,295	9,484	19	6	11,045	102.3	9,484	100.0		
Non-tax revenues	416	13	87	4,019	2,854	41	(22)	3,758	106.9	2,618	109.0		
Interest receipts	43	(10)	(1)	383	279	37	26	318	120.5	246	113.1		
Dividends and Profits	134	(15)	45	1,704	999	71	(38)	1,544	110.4	840	119.0		
Non-Tax Revenue of U.T.s	(0)	157	(119)	30	22	39	26	25	119.9	22	97.3		
External grant	2.8	(70)		10.1	19	(46)	44	14	70.2	26	73.1		
Other Non-Tax Revenue	237	46	178	1,891	1,543	23	(5)	1,856	101.9	1,483	104.0		



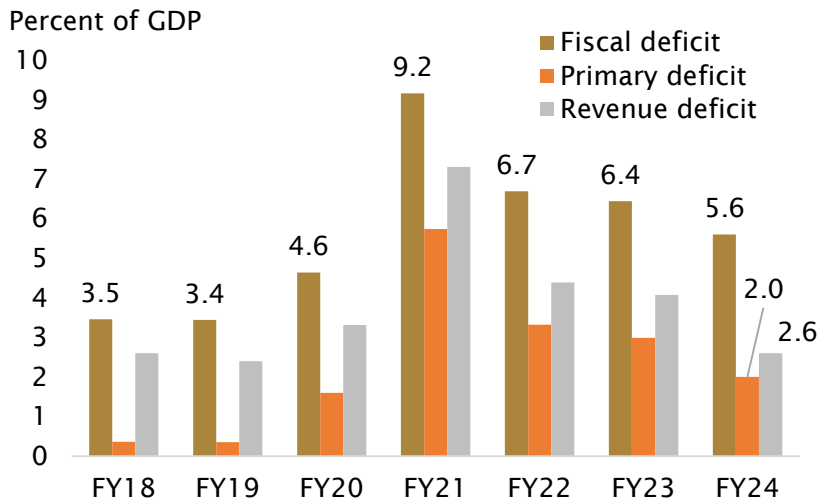
Quality of expenditure improved for third straight year in FY24

- While both revenue and capital expenditure were marginally lower than revised budget estimates for FY24, **growth in capex was stronger at 28% versus 25% in in FY23. Revenue expenditure grew at a slower pace of 1% versus 8% in FY23.**
- There was an improvement in the quality of expenditure, with **revenue deficit to gross fiscal deficit, and revenue expenditure to capital outlay moderating for the third consecutive year.**
- Fiscal deficit moderated for the third straight year. **Both primary and revenue deficit also narrowed and were lower than revised budget estimates of 2.3% and 2.8% (percent of GDP), respectively.**

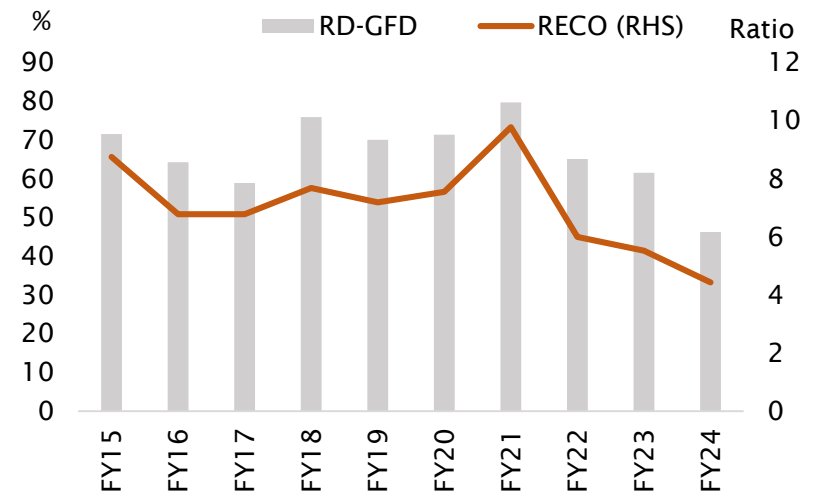
Expenditure growth (Apr-Mar)



Moderation in fiscal deficit for the third consecutive year



Quality of expenditure (Apr-Mar)





Subsidies fell 22%YY in FY24 after increasing 19% in FY23

- The mild 1%YY increase in revenue expenditure in FY24 was aided by 22% decline in subsidies. The government had provided for higher fertilizer subsidy in FY23 to absorb the increase in global prices. Transfers to states under finance commission grants, while exceeding the revised budget estimate for FY24, were down 8%YY. Spending on rural development declined year-on-year and fell short of revised budget estimates.
- Loans to states for capital expenditure increased 33%YY and exceeded the revised budget estimate by over 16%. Capital expenditure spending on railways and roads continued to be strong.

	(Rs. bn)	Percent change		FYTD (Rs. bn)		FYTD - %YY		FY24RE		FY23RE	
	Mar-24	%YY	%MM	Mar-24	Mar-23	Mar-24	Mar-23	Rs. bn	(% of RE)	Rs. bn	(% of RE)
Revenue receipts	5,186	29	(6,482)	27,284	23,832	14	10	26,997	101.1	23,444	101.7
Non-debt capital receipts	243	83	1,166	605	722	(16)	83	560	108.0	835	86.5
Recovery of loans	39	(35)	112	273	262	4	6	260	105.1	235	111.3
Disinvestment	205	178	19,388	331	460	(28)	214	300	110.4	600	76.7
Total receipts	5,430	31	(8,849)	27,889	24,554	14	11	27,557	101.2	24,279	101.1
Total expenditure	6,953	(1)	77	44,425	41,932	6	11	44,905	98.9	41,872	100.1
Revenue expenditure	5,524	0	79	34,940	34,536	1	8	35,402	98.7	34,590	99.8
Interest payments	1,831	41	210	10,639	9,285	15	15	10,554	100.8	9,407	98.7
Subsidies	525	(26)	16	4,135	5,310	(22)	19	4,405	93.9	5,621	94.5
Transfer to states	335	(15)	(52)	1,657	1,807	(8)	(28)	1,404	118.0	1,733	104.3
Rural development	383	4	(43)	1,619	1,768	(8)	10	1,711	94.7	1,811	97.6
Others	2,449	(10)	265	16,890	16,366	3	6	17,328	97.5	16,018	102.2
Capital expenditure	1,429	(4)	69	9,485	7,395	28	25	9,502	99.8	7,283	101.5
Defence	385	(18)	(16)	1,646	1,509	9	4	1,678	98.1	1,580	95.5
Railways	236	93	(155)	2,426	1,593	52	36	2,400	101.1	1,591	100.1
Roads and highways	258	146	(208)	2,639	2,060	28	82	2,645	99.8	2,063	99.8
Loan to states for capex	164	(54)	102	1,229	927	33	300	1,056	116.4	760	122.0
Others	386	(6)	102	1,546	1,275	21	(34)	17,328	8.9	16,018	8.0
Fiscal deficit	1,523	(46)	(62)	16,537	17,378	(5)	10	17,348	95.3	17,553	99.0
Primary deficit	(308)	(120)	(109)	5,898	8,092	(27)	4	6,793	86.8	8,147	99.3
Revenue deficit	337	(77)	(89)	7,656	10,704	(28)	4	8,405	91.1	11,105	96.4
FD/GDP (%)				5.6				5.8		6.4	
PD/GDP (%)				2.0				2.3		3.0	
RD/GDP (%)				2.6				2.8		4.1	



April 2024



Fiscal deficit at 12.5% of BE; higher than 7.7% of RE in April 2023

- Fiscal deficit was at 12.5% of budget estimates (BE) in April versus 7.7% of revised estimates (RE) in the corresponding month of FY24. Despite year-on-year decline in primary and revenue deficits, both were higher than April 2023 in terms of their share in budget estimates (revised estimates in case of FY23).
- Revenue receipts grew at a healthy pace amid increases in both revenue and capital expenditure.
- Indirect taxes grew 20%YY, exceeding 15% increase in direct taxes. Devolution to states, slated to increase 10% in FY25, was up 18%YY in April and at 5.7% of BE.
- Non-tax revenues were buoyant at 6.8% of BE versus 2.9% in April 2023.
- As per BE, capital expenditure is expected to grow 17%YY in FY25 and revenue expenditure by 3%. In April, these were up 26% and 44%, respectively, both at 8.9% of their budget estimates.

	(Rs. bn)		Percent change		FY25BE		FY24RE		(%YY)
	Apr-24	Apr-23	%YY	%MM	Rs. bn	(% of BE)	Rs. bn	(% of RE)	FY25BE/ FY24RE
Revenue receipts	2,123	1,699	25	(59)	30,013	7.1	26,997	6.3	11
Gross tax revenue	2,550	2,181	17	(56)	38,308	6.7	34,372	6.3	11
Net tax revenue	1,850	1,589	16	(61)	26,016	7.1	23,239	6.8	12
Direct taxes	1,392	1,215	15	(62)	21,988	6.3	19,450	6.2	13
Indirect taxes	1,155	963	20	(46)	16,225	7.1	14,839	6.5	9
Taxes on UT	3	3	(5)	(58)	94	3.1	83	3.7	13
Transfer to NDRF	1	1	28	(93)	94	1.4	88	1.2	7
Assignment to states	699	591	18	(27)	12,198	5.7	11,045	5.4	10
Non-tax revenues	273	110	149	(34)	3,997	6.8	3,758	2.9	6
Non-debt capital receipts	10	6	62	(96)	790	1.3	560	1.1	41
Recovery of loans	10	6	76	(73)	290	3.6	260	2.3	12
Disinvestment	0.0	1	(100)	(100)	500	0.0	300	0.2	67
Total receipts	2,133	1,705	25	(61)	30,803	6.9	27,557	6.2	12
Total expenditure	4,235	3,041	39	(39)	47,658	8.9	44,905	6.8	6
Revenue expenditure	3,242	2,256	44	(41)	36,547	8.9	35,402	6.4	3
Capital expenditure	992	785	26	(31)	11,111	8.9	9,502	8.3	17
Fiscal deficit	2,101	1,336	57	38	16,855	12.5	17,348	7.7	(3)
Primary deficit	819	857	(4)	(366)	4,951	16.5	6,793	12.1	(27)
Revenue deficit	119	558	(79)	(65)	6,534	1.8	8,405	1.4	(22)
FD/GDP (%)					5.1		5.8		



Income tax collection rose year-on-year; corporate tax revenue fell

- In April 2024, the growth in direct taxes was driven by 21% rise in income tax collections amid 6% decline in corporate tax revenues. The increase in indirect taxes was supported by strong GST collections and also growth in customs duty.
- Within non-tax revenues, there were improvements in interest receipts, and dividends and profits. Interest receipts stood at 10.7% of BE, up from 2.5% of RE in April 2023. Dividends and profits amounted to 2.4% of BE, compared to 0.1% of RE in April 2023.

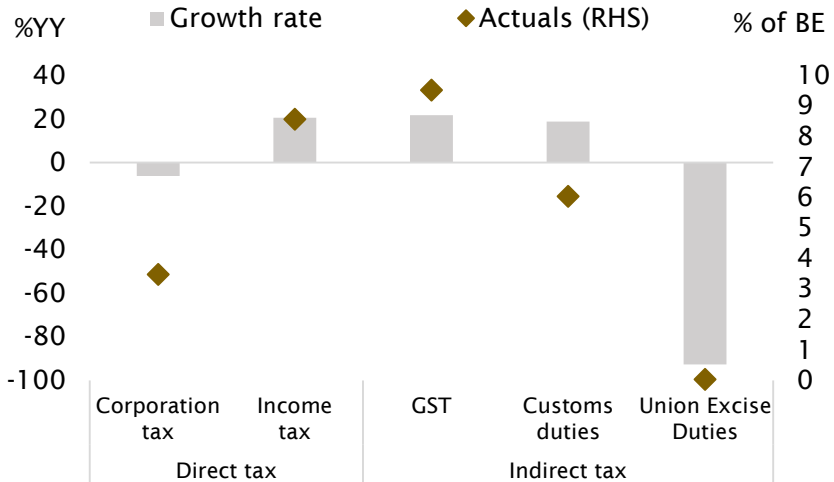
	Rs. bn		Percent change		FY25BE		FY24RE		(%YY)
	Apr-24	Apr-23	%YY	%MM	Rs. bn	(% of BE)	Rs. bn	(% of RE)	FY25BE/ FY24RE
Revenue receipts	2,123	1,699	25	(59)	30,013	7.1	26,997	6.3	11
Net tax revenue	1,850	1,589	16	(61)	26,016	7.1	23,239	6.8	12
Direct taxes	1,392	1,215	15	(62)	21,988	6.3	19,450	6.2	13
Corporation tax	362	386	(6)	(77)	10,428	3.5	9,227	4.2	13
Income tax	990	820	21	(50)	11,560	8.6	10,223	8.0	13
Other taxes	41	9	341	(20)					
Indirect taxes	1,155	963	20	(46)	16,225	7.1	14,839	6.5	9
Customs duty	140	117	19	(62)	2,313	6.0	2,187	5.4	6
Excise duty	1	10	(93)	(100)	3,235	0.0	3,081	0.3	5
Service tax	(1)	1	(168)	126	1	(97.0)	5	28.6	(80)
GST	1,016	835	22	(18)	10,677	9.5	9,566	8.7	12
CGST	912	809	13	25	9,177	9.9	8,116	10.0	13
IGST	(26)	(93)	(72)	(107)					
Compensation cess	130	119	10	3	1,500	8.7	1,450	8.2	3
Taxes on UT	3	3	(5)	(58)	94	3.1	83	3.7	13
Gross tax revenue	2,550	2,181	17	(56)	38,308	6.7	34,372	6.3	11
Transfer to NDRF	1	1	28	(93)	94	1.4	88	1.2	7
Assignment to states	699	591	18	(27)	12,198	5.7	11,045	5.4	10
Non-tax revenues	273	110	149	(34)	3,997	6.8	3,758	2.9	6
Interest receipts	35	8	342	(17)	331	10.7	318	2.5	4
Dividends and Profits	36	1	4,433	(73)	1,500	2.4	1,544	0.1	(3)
Non-Tax Revenue of U.T.s	2	2	(6)	(662)	29	8.0	25	9.8	15
External grant	0.0	0	(79)		10	0.1	14	0.4	(28)
Other Non-Tax Revenue	199	98	102	(16)	2,126	9.4	1,856	5.3	15



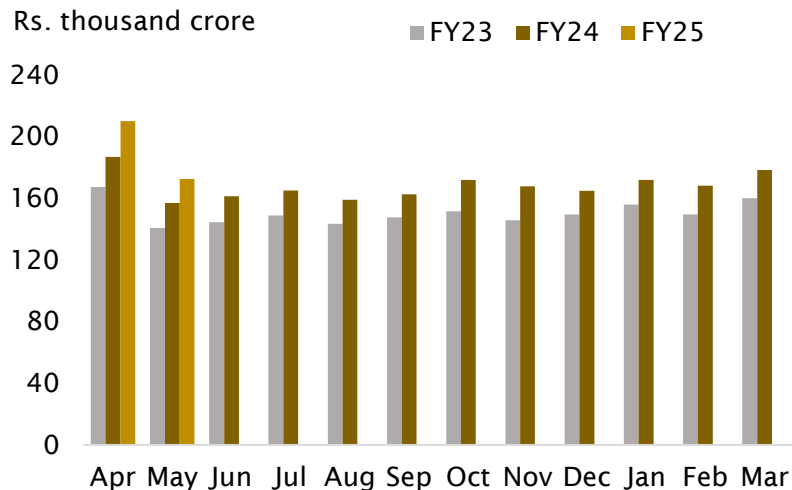
Monthly GST collection breached Rs.2 lakh crore mark in April

- Non-tax revenues, net of interest receipts, were buoyed by dividends and profits, while the **strength in tax revenue collections was driven by growth in income tax, GST collections and customs duties.**
- Monthly GST revenue collections (centre plus states) continue to be robust. In April, GST collections rose 12.4%YY, crossing Rs.2 lakh crore mark for the first time. GST collections tend to be strong in April due to high year-end economic activity. Accordingly, GST revenue moderated to Rs.1.73lakh crore in May but was up 10%YY.

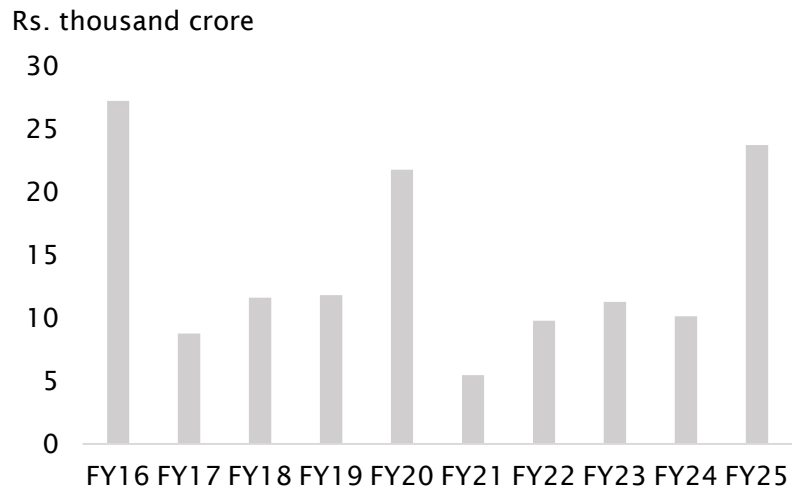
Tax revenue for April 2024



Monthly GST revenue



Non-tax revenue for the month of April





Both revenue and capital expenditure grew year-on-year in April

- In April, the 39%YY increase in total expenditure was driven by higher spending on both revenue and capital accounts. The growth in revenue expenditure was due to higher interest payments amid year-on-year decline in subsidies. Spending on rural development, though low in terms of share in revenue expenditure, surged to 7.5% of BE, compared to 0.1% of RE in April 2023.
- On the capital expenditure side, spending on railways was down 9%YY and amounted to 11.8% of BE, compared to 13.7% of RE in April 2023. Spending on defence and roads was higher compared to April 2023.

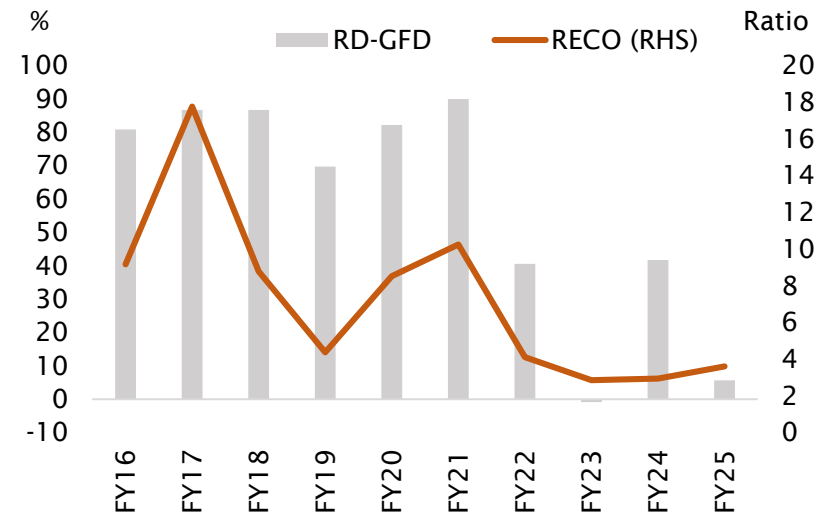
	(Rs. bn)		Percent change		FY25BE		FY24RE		(%YY)
	Apr-24	Apr-23	%YY	%MM	Rs. bn	(% of BE)	Rs. bn	(% of RE)	FY25BE/ FY24RE
Revenue receipts	2,123	1,699	25	(59)	30,013	7.1	26,997	6.3	11
Non-debt capital receipts	10	6	62	(96)	790	1.3	560	1.1	41
Recovery of loans	10	6	76	(73)	290	3.6	260	2.3	12
Disinvestment	0	1			500		300	0.2	67
Total receipts	2,133	1,705	25	(61)	30,803	6.9	27,557	6.2	12
Total expenditure	4,235	3,041	39	(39)	47,658	8.9	44,905	6.8	6
Revenue expenditure	3,242	2,256	44	(41)	36,547	8.9	35,402	6.4	3
Interest payments	1,283	479	168	(30)	11,904	10.8	10,554	4.5	13
Subsidies	194	252	(23)	(63)	4,097	4.7	4,405	5.7	(7)
Transfer to states	77	58	34	(77)	1,324	5.9	1,404	4.1	(6)
Rural development	133	1	9,212	(65)	1,776	7.5	1,711	0.1	4
Others	1,555	1,466	6	(36)	17,446	8.9	17,328	8.5	1
Capital expenditure	992	785	26	(31)	11,111	8.9	9,502	8.3	17
Defence	23	12	83	(94)	1,822	1.3	1,678	0.7	9
Railways	299	329	(9)	27	2,520	11.8	2,400	13.7	5
Roads and highways	559	405	38	116	2,722	20.5	2,645	15.3	3
Loan to states for capex	8	6	44	(95)	1,300	0.6	1,056	0.5	23
Others	103	32	225	(73)	17,446	0.6	17,328	0.2	1
Fiscal deficit	2,101	1,336	57	38	16,855	12.5	17,348	7.7	(3)
Primary deficit	819	857	(4)	(366)	4,951	16.5	6,793	12.6	(27)
Revenue deficit	119	558	(79)	(65)	6,534	1.8	8,405	6.6	(22)
FD/GDP (%)					5.1		5.8		
PD/GDP (%)					1.5		2.3		
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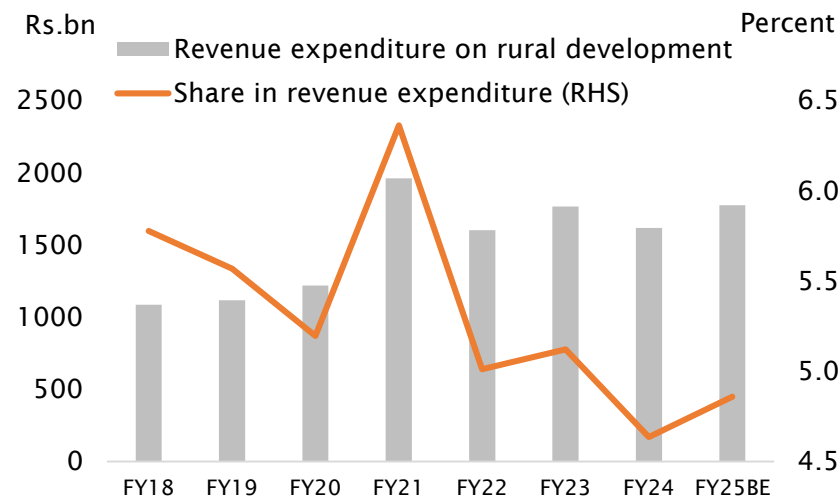
Higher rural spending likely to support consumption in FY25

- Revenue expenditure increased 44%YY in April, while capital expenditure was up 26%. Amid strong revenue receipts, there was a moderation in revenue deficit compared to April 2023. However, fiscal deficit rose amid higher growth in expenditure, so that the revenue to fiscal deficit ratio moderated.
- There was an increase in revenue expenditure to capital outlay ratio to 3.6% from 2.9% in April 2023, but it could be too early to comment on the trend for the year based on data for one month.
- **In the post-pandemic years, revenue spending on rural development has been lower**, with the trend of exceeding budget estimates but missing revised estimates in the past two years. In this context, **higher share of rural spending in revenue expenditure at 4.9% in FY25BE bodes well for supporting consumption**. This also implies an increase of 9.7%YY in rural spending as per FY25BE after decline of 8.4% in FY24.

Quality of expenditure for the month of April



Revenue expenditure on rural development



Percent share of spending on rural development in revenue expenditure			
	Budget estimate	Revised estimate	Actual
FY23	4.3	5.2	5.1
FY24	4.5	4.8	4.6
FY25	4.9		



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